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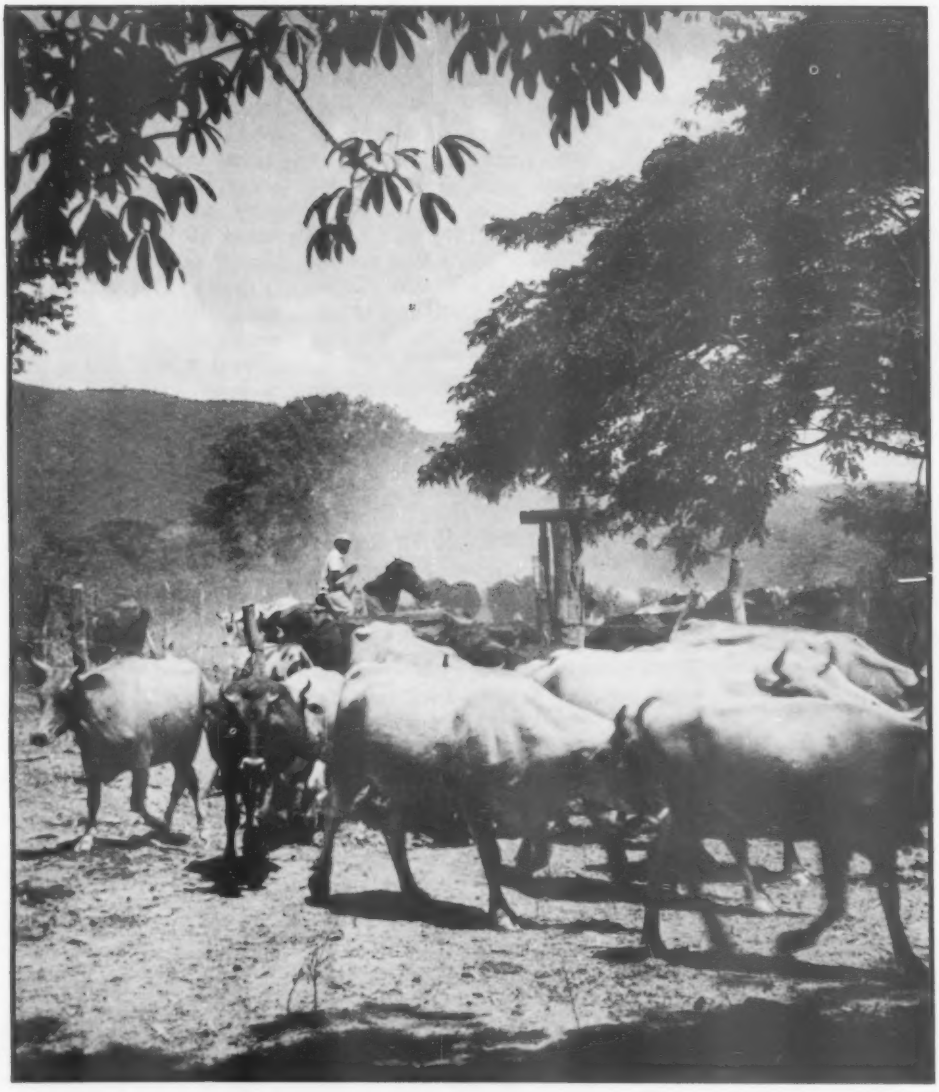

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PRC Grain Imports Seen Remaining Large, But Other Buying May Dip

With crops apparently faring better this year than the drought-plagued ones of last season, the People's Republic of China may reduce its imports of soybeans and sugar. But it is expected to continue large imports of grain and cotton and is turning to the United States for some of these imports.

Total agricultural imports by the People's Republic of China (PRC) in 1978 appear unlikely to match the unusually high level of 1977, provided, of course, that domestic crops fare better than the disappointing ones of last season.

However, grain imports will be large for the second straight year, and further opportunities for U.S. agricultural exports to the PRC could develop in view of short outturns of soybeans in Brazil and wheat in Australia and Argentina. Already, the PRC has made its first purchase of U.S. wheat since 1974 (see box), and additional purchases are quite possible.

Last year, the United States made its first significant agricultural sales to the PRC since the $664 million worth exported in calendar 1974. These U.S. exports to the PRC in 1977 were valued at about $60 million and included 61,800 tons of soybean oil, 55,000 tons of soybeans, and 54,000 bales of cotton.

Currently, declines appear most likely for imports of sugar and soybeans. The PRC also may resume its traditional role as a net exporter of soybeans. However, vegetable oil imports are expected to continue large. In addition, cotton imports most likely will expand since growth in production—insignificant last year—is not keeping pace with domestic and foreign demand for PRC cotton textiles.

Meanwhile, crop reports from the PRC indicate that weather has returned to more normal conditions following last year's widespread drought—and then torrential rains in some areas. The winter wheat crop, for instance, should benefit from improved soil moisture conditions, although area could be down from last year's. An unusually mild winter led to early maturation of the crop, which was thus susceptible to winterkill from late-season cold spells. With winter over, the crop's status now hinges on the amount and timing of spring rains.

Last year at this time, much of the PRC was in the grip of a drought that—together with the flooding in the summer—led to crop reductions of wheat, peanuts, rapeseed, and probably sugar below even the poor crops of 1976.

However, the Chinese also demonstrated their resilience by expanding plantings of sweet potatoes and other catch crops to make up part of the loss in the major grains. Moreover, water-control facilities constructed over the past few years permitted considerable water conservation, averting a disaster such as that experienced 18 years ago under similar weather conditions.

Grains. PRC outturns of grain (including the grain equivalent of tubers and pulses) is estimated to have declined from 272 million tons in 1976 to 270 million. Only 13 provinces claimed increases in output. Wheat suffered the most, declining about 10 percent below the previous year's crop to an estimated 40.5 million tons. However, production of rice appears to have increased, and that of miscellaneous grains probably held steady.

Winter wheat bore the brunt of the production setback, as all the major winter wheat provinces were hit by extreme drought. Reports from Honan Province—normally the leading producer of winter wheat—give a clue to the magnitude of the setback. There, output was officially reported off from that of 1976, despite a reported increase in seeded area to 4.2 million hectares from 3.86 million in 1976.

Winter wheat output in the

Based on dispatches from Alva L. Erisman, U.S. Agricultural Officer, Hong Kong, and information supplied by the Centrally Planned Countries Program Area, Economics, Statistics, and Cooperatives Service.

other major producing provinces is believed to have fallen by as much—and possibly more. Spring wheat, on the other hand, increased because of favorable weather in northeast and northwest China and larger sowings, probably to replace winter wheat killed by cold and drought. However, spring wheat accounts for only about 14 percent of the total wheat crop.

Total rice production in the PRC is estimated at 126.5 million tons—1 million over that of 1976.

For early rice, the PRC claimed a slight increase in output over that of 1976, despite generally poor growing conditions. Dry, cold weather in the spring and early summer, followed by torrential rains with flooding and waterlogging, reduced this crop in most of east and central China and in Fukien Province in south China.

Flooding caused by torrential rains also plagued intermediate rice areas in central China. But weather conditions were generally favorable for late rice.

In the past, intermediate and later rice harvests were seldom mentioned. However, more reports appeared on these two crops in 1977. For example, with 80 percent of total rice areas transplanted with intermediate rice, Szchewan reported bumper harvests for intermediate and late rice. In addition, three consecutive national reports claimed 1977 total rice production reached or equaled the peak achieved in 1974.

Output of miscellaneous grains and pulses—winter peas, beans, barley, naked barley, oats, buckwheat, corn, and millet—is estimated at 76.5 million tons—the same as in 1976. While successive rains in the summer had serious effects on these crops in North China,

PRC Resumes Buying of U.S. Wheat

For the first time in 4 years the People's Republic of China (PRC) has purchased U.S. wheat in a move that could signal a new phase of expanded U.S.-PRC trade.

As of April 24, the PRC had purchased 1 million metric tons of U.S. wheat worth roughly $135 million; 100,000 tons are to be delivered in the current marketing year that ends May 31, and the remainder in the 1978/79 marketing year. Since exportable supplies between now and November are somewhat limited in certain other exporting countries, a good opportunity seems to exist for more PRC purchases of U.S. wheat in the months ahead.

Two major sources of PRC grain imports—Australia and Argentina—reportedly have insufficient quantities available to meet PRC needs this season as a result of severe shortfalls in their 1977/78 crops. In Australia, the crop was down 20 percent from last season's to an estimated 9.3 million tons, while in Argentina, it was off by more than 50 percent to 5.2 million tons.

In the recent past, Australia has supplied between 275,000 and 4.7 million tons of grain annually to the PRC. Argentina, on the other hand, has been a more sporadic supplier, with its share of the PRC grain market ranging from over 25 percent in 1966 to none in some years.

Canada, the PRC's largest traditional supplier, currently is experiencing some transportation tieups in moving grain for export. In any event, Canada may not be in a position to supply the PRC's import needs through November 1978 because of normal commitments to other buyers. In recent past years, Canada has accounted for anywhere from one-sixth to all of the PRC's total imports of grain.

The United States, in contrast, has an abundance of wheat available for export. The 1977 U.S. crop, at 55.1 million tons, was the third largest on record. U.S. wheat stocks alone total an estimated 33 million tons—the highest since 1963.

Some sources had predicted that—following record purchases of around 9 million tons of grain last season—the PRC would delay further wheat buying until later this year. However, the country apparently continues to feel the effect of stock reductions made as a result of its 1977 wheat crop shortfall.

The premium prices of rice in the world market may represent another factor behind current PRC wheat imports. Normally, the PRC exports up to a million tons of rice a year—even while importing large quantities of wheat. There have been reports of recent rice sales by the PRC, although their relationship to the imports of wheat is unclear.

Whatever the case, chances appear good for further PRC imports of U.S. grain, including possibly some U.S. feedgrains. How much more might be sold for 1978/79 delivery is unknown at this point, but PRC imports of 5 million tons of U.S. grain in 1973/74 and 1.5 million tons in 1974/75 indicate the possibilities.

Although the United States has been out of the PRC grain market since 1974/75—and only last year resumed shipments of other products—the PRC may have considerable potential for agricultural trade with the United States. In fiscal 1974 (July-June), for instance, the PRC bought $838 million worth of U.S. farm products to rank as the fifth largest U.S. farm market. And that year, nearly two-thirds of its total grain imports came from the United States. □

PRC Grain Imports, July-June 1971/72-1977/78 [1]

[In thousands of metric tons]

Year	Total	Canada	Australia	Argentina	U.S.	Other
1971/72	2,967	2,967	0	0	0	0
1972/73	6,194	4,375	274	68	1,477	0
1973/74	7,844	1,382	1,165	275	4,996	26
1974/75	6,069	2,265	1,421	684	1,519	180
1975/76	2,225	1,205	1,020	0	0	0
1976/77	3,159	1,920	761	478	0	0
1977/78 [2]	8,891	3,548	4,670	573	100	0

[1] Includes mainly wheat and corn. [2] Estimate. Based on export data from exporting countries.

areas not affected by flooding generally enjoyed favorable growing conditions. Most of the major producing provinces, in fact, claimed bumper harvests.

Late plantings of tubers led to a 1.5-million ton increase in that crop.

The Chinese normally plant sweet potatoes as a catch crop in fields where the main crop either cannot be sown or is lost because of adverse weather, and 1977 was no exception. Honan, Hunan, Anhwei, Kiangsi, Kwangtung, Fukien, Szchewan, and Kweichow Provinces, for instance, all reported more sweet potatoes were grown and claimed—or implied—substantial increases in area.

". . . the Chinese also demonstrated their resilience by expanding plantings of sweet potatoes and other catch crops to make up part of the loss in the major grains."

In response to the grain shortfall, which coincidentally followed a year of unusually small grain imports, the PRC purchased 6 million tons of Canadian and Australian wheat in May and July 1977. Obviously the situation had deteriorated so much by early summer that the Government was forced to act quickly.

All told, the Chinese purchased close to 9 million tons of wheat for delivery in 1977/78 (July-June), with about 4.0 million tons to have been delivered in the first half of 1978. Another 800,000 tons were purchased for delivery in July and August 1978.

Following a period of inactivity, the Chinese recently purchased 1.0 million tons of U.S. wheat for delivery mainly in 1978/79. This is the beginning of purchases for the season, which could see wheat imports reach about 7 million tons, especially if crop conditions are below normal.

Counting the 500,000 tons of rice already sold to international trading firms (about 100,000 tons of which was delivered in January 1978), total commitments of rice for export in 1978 now come to about 600,000 tons.

Moreover, the Chinese could—as they have on past occasions—make more rice available if the price is politically or economically right. Rice prices have strengthened in Southeast Asia recently, and there are customers for Chinese rice. Malaysia reportedly is seeking 200,000 tons.

Oilseeds and oils. Based on PRC reports, Chinese 1977 production of oilseeds other than cottonseed and soybeans appears to have declined for the second consecutive year. The oilseed crops are estimated as follows (in million metric tons):

	1976	1977
Peanuts	2.75	2.55
Rapeseed	1.26	1.24
Sesame	.32	.31
Cottonseed	4.7	4.74
Soybeans	9.0	9.5

In China, only the first three of these crops are classified as oilseeds, even though cottonseed—and some of the soybeans—are crushed for oil.

Of the leading oilseed producers, only Szechewan and Shantung Provinces reported increased output last year. Six lesser producers also reported increases.

The remaining provinces —including major producers such as Hopeh, Honan, Hunan, Kiangsu, Anhwei, Hupeh, and Kwangtung—did not issue harvest claims, indicating that outturns were about the same as or less than those of 1976.

No claims have been noted for soybeans, but weather for soybean production last year was much improved in north and northeast China, where most of the beans are produced.

Reflecting last year's soybean crop improvement over the reduced level of 1976, the PRC is expected to export about 150,000 tons of soybeans in calendar 1978, while importing much less than in 1977. However, owing to the decreased oilseed production, soybean oil imports are likely again in 1978.

Last year, in contrast, the PRC imported 362,000 tons of soybeans from Brazil and the United States while exporting only about 115,000 tons, thereby becoming a net importer of soybeans for the second time—the first was in 1974. About 55,000 tons of U.S. soybeans were shipped to the PRC last year.

The PRC also imported soybean oil in 1977. These imports included some 61,800 tons of U.S. oil.

This year, the PRC is expected to continue its large imports of vegetable oil owing to reductions in some of the 1977 oilseed crops; but imports are not expected to be as large as last year's.

Cotton. Since no record was claimed, it is assumed that PRC cotton output last year remained below the record harvest of 1973, reflecting continuing difficulties with this important industrial crop. All of the major cotton-producing provinces complained of poor growing conditions, and none claimed an increase in production. At best, the 1977 crop could only have been a little better than the 10.8 million bales estimated for 1976, and it may well have declined from that level.

As a result of its persistent production problems, plus increasing domestic textile needs and ambitious export plans, PRC cotton imports are expected to remain firm in 1978. Data are incomplete for these imports, but the 1977/78 total could reach an estimated 1.3 million bales. As of March 26, the United States had sold 342,000 bales to the PRC for delivery in 1977/78.

Sugar. None of the national harvest reports have

included sugar among their lists of crops that increased in output last year. Kwangtung and Heilungkiang Provinces—respectively, the biggest producers of sugarcane and sugarbeets reported larger crops. These gains were not large enough to offset lower outturns elsewhere.

Final outturn of refined sugar may be down even more than that of the raw cane and beets, since sugar content is believed to have been reduced by the poor spring and summer weather.

Last year, the PRC also imported unusually large quantities of sugar—an estimated 1.6 million tons, compared with the previous record 1.53 million in 1961. These purchases—five times the low imports of 1975 and double those of 1972—came as a surprise to most traders, prompting considerable speculation concerning Peking's motives.

Stocks were probably drawn down in 1975 when foreign exchange was tight and imports low. However, higher imports and the improved 1976 harvest apparently did not provide sufficient sugar to both rebuild stocks and keep pace with increased demand. But, this shortfall was not enough to explain the more than doubling of buying in 1977.

One trader reported having bought some of this sugar from the PRC. He thinks that the country bought at a relatively cheap price and is now watching the market closely in anticipation of turning a profit in sugar.

According to another source, in fact, the PRC has not even been able to take delivery of all this sugar as a result of port congestion.

If China did take delivery of the 1.6 million tons it is believed to have purchased last year, per capita availability of sugar would be far above normal levels. □

U.S. Citrus Exports to Japan a Record

Mikan orange orchard in Japan. Japan's output of mikan oranges rebounded from the small harvest of 1976/77 to an estimated 3.5 million tons in 1977/78. Japan exports fresh mikan oranges and canned segments, while at the same time it imports U.S. grapefruit, lemons, oranges, and citrus juices.

Exports of U.S. grapefruit and lemons to Japan reached record high levels in 1977.

Japan's fresh citrus imports, mostly lemons and grapefruit, were expected to range from 280,000 to 285,000 tons in 1977, compared with 269,000 tons in 1976. In recent years, more than 90 percent of Japan's grapefruit and orange imports, and nearly all of its imported lemons, have come from the United States.

Japan's production of mikans in 1977/78 rebounded from the low harvest of the previous year—the smallest since 1971/72.

Despite the cool, cloudy weather that plunged Japan's mikan orange production to 3.08 million tons in 1976/77, record quantities of mikans were processed for juice, continuing an upward trend that began in the mid-1960's.

With the better weather experienced in 1977/78, final mikan output was expected to exceed 3.5 million tons, despite a $2.1-million Government sudsidy targeted to reduce production to 3.1 million tons.

Trade. Japan estimates its 1977 grapefruit imports from all sources at approximately 161,000 metric tons—149,900 tons from the United States, according to U.S. export data—sparked in part by a wave of speculative buying in the wake of the Florida freeze of January 1977. This level compares with total imports of 151,757 tons in 1976.

Japanese import data show lemon imports possibly increased from 92,768 tons in 1976 to an estimated 100,000 tons in 1977—although U.S. export data show shipments of 105,000 tons in 1977—reflecting the growing success of U.S. citrus promotional efforts.

Full-year data for Japanese orange imports show the country took 22,500 tons in 1977, compared with 24,400 tons in 1976 and 22,116 tons in 1975. The United States supplied all but 210 tons. Taiwan was the only other supplier.

The Japanese Government continues to maintain strict quantitative import controls on fresh oranges and all citrus juices, except lemon juice. For the past 4 Japanese fiscal years—1974/75 to 1977/78—oranges were imported by Japan under a special annual quota for Okinawa, which averaged 7,325 tons, and an annual 15,000-ton quota for the rest of the country. During these same years, annual orange juice imports were restricted by quota to the equivalent of 1,000 tons of 5:1 concentrate, while grapefruit juice quotas were not publicly disclosed.

As a result of the recent U.S.-Japan bilateral trade negotiations, the Japanese Government has announced that it would raise its global

Based on dispatch from Office of U.S. Agricultural Attaché, Tokyo.

orange juice quota to 1,300 tons in Japanese fiscal year (JFY) 1977/78 and to 3,000 tons each year thereafter. The United States may continue to be a major supplier.

The Japanese Government also announced that grapefruit juice in 1977/78 would be imported under a quota of 700 tons, 5:1 concentrate equivalent, and increased to 1,000 tons in succeeding years. The fresh-orange quota would be raised to 10,000 tons in JFY 1977/78 and to 45,000 tons in succeeding years. (Japan previously had extended the annual fresh-orange import-quota arrangement for Okinawa until 1982).

Japan imports oranges mostly between April 1 and October 30, and exports mikan oranges, its major citrus crop, in November and December.

Exports of fresh mikan oranges during the 1976/77 season totaled 19,875 tons, about 1,000 tons more than in the previous season. Canada remained Japan's most important customer, and took 92 percent (18,202 tons) of Japan's total shipments.

During the same period, fresh mikan orange exports to the United States amounted to 921 tons, up slightly from the 818 tons exported a year earlier. Currently, Japanese mikan oranges are permitted to enter only the States of Washington, Oregon, Montana, Idaho, Alaska, and Hawaii.

The Japan Fruit Growers' Cooperative Association (NICHIENREN), the only shipper of fresh mikan oranges to the United States and Canada, plans to export 4.69 million 9-pound cases (19,200 tons) of mikans to Canada and 225,000 cases (920 tons) to the United States in 1977/78.

During 1976, Japanese exports of canned mikan oranges totaled 54,302 tons, slightly more than the 53,735 tons exported in 1975. As in previous years, the leading market for Japanese canned mikan orange sections—with a 45 percent share of the total—was the United States. It took 24,437 tons in 1976, valued at an equivalent of about $15.8 million.

In second place, with 30 percent of the total and purchases of 16,505 tons, was West Germany. Japanese exports to the United Kingdom, Japan's most important traditional market, have declined sharply in recent years. According to industry sources, Japanese citrus products have practically been eliminated from the U.K. market reportedly because of the preferential duty the United Kingdom has applied to imports from Spain. However, this preference was scheduled to be replaced by the full 22 percent EC Common External Tariff, beginning January 1, 1978.

Production. Poor grower returns and surplus production in recent years have apparently put a brake on mikan plantings. Total planted area declined 3 percent in 1977 to 158,600 hectares, the fourth straight year that area has dropped. Planted area grew rapidly from the early 1960's until 1973, when a peak of 173,100 hectares was reached.

Despite the reduced area, however, the Government's August 1, 1977, production estimate indicated a record mikan crop of 3.76 million tons for the 1977/78 season, 22 percent higher than the weather-reduced crop of 3.08 million tons in the 1976/77 season.

The $2.1 million Government subsidy enabled the Japanese citrus industry to implement a mikan fruit-thinning program similar to those carried out in 1974 and 1975 when potential surpluses also loomed. The subsidy appears to have been only partially successful as 1977/78 mikan production was still estimated as high as 3.54 million tons as of January 1978, far above the 3.1 million tons thought necessary to maintain prices acceptable to growers.

Navel orange outturn in Japan is relatively small, but has evidenced gradual growth in recent years. The 1977/78 season crop is unofficially estimated at 15,500 tons, about twice the size of the 1976/77 crop. The navel is the only true orange grown in any quantity in Japan.

The 1976/77 season outturn of summer oranges was estimated at 273,500 tons, down 22 percent from the crop of the previous growing season. According to the Ministry of Agriculture and Fisheries, the low temperatures and dry weather were mainly responsible for the reduced output.

Ten other kinds of citrus fruits are grown in Japan, but production statistics are available only for hassaku and iyokan (both mandarin hybrids). The current estimate for total 1977/78 season output of these two varieties is 220,000 tons, 11 percent higher than the previous season's outturn. Japan's lemon production probably amounts only to around 800 tons annually.

Continuing its upward trend of recent years, and reflecting strong domestic demand, Japan's mandarin juice output in 1976/77 included about 54,000 tons of concentrated juice (5:1-concentrate basis) and about 8,000 tons of natural, single-strength juice.

According to the Fruit Growers' Association, the price paid for 1976/77 crop mikan oranges to be processed for juice jumped 60 percent over the price of the previous two seasons because of the smaller supplies of mikans and increased demand for juice.

Mandarin juice concentrate production in 1977/78 is expected to exceed 70,000 tons, an increase of about 30 percent.

Japan's most important canned fruit item is mikan orange sections, outturn of which was 11.13 million cases (basis 48/11 oz cans) in the 1976/77 packing season, 10 percent more than in the previous season. Of this total, 2.62 million cases went into export, 8.5 million for the domestic market. □

data about dates—

Seasons in which Japanese citrus and citrus product production and marketing take place vary according to item and activity. In this report, the following periods have been used.

Citrus season. Opening with the beginning of the harvest of the mikan orange crop, normally in September, and ending with the beginning of the following mikan harvest. During this period, harvests of all other citrus also take place. (Mikan oranges are called satsuma mandarins in countries other than Japan.)

The usual citrus harvesting and marketing season is from September to April for unshu mikans (the so-called mikan orange); February to June for natsu mikans (the summer orange); January to May for other citrus (mostly iyokan and hassaku mandarin hybrids); and January to April for navel oranges.

Import quotas. Based on the Japanese Government's fiscal year (JFY), extending from April 1 of the year from which the period gets its title to March 31 of the following year. (For example, JFY 1977 extends from April 1, 1977, to March 31, 1978.)

Import data. Available on a calendar year basis.

Mikan segment packing season: Usually from November through February.

Export data. Fresh citrus exports are on a seasonal basis. Canned mikan segment exports are on a calendar year basis.

FAS/USDA EXPORT PROMOTIONS

During May-October, FAS plans to participate in 18 food-promotion exhibits or activities in 14 countries. These exhibits or activities will feature several firsts for FAS-sponsored promotional events:

• Four countries (Venezuela, the Philippines, the Fijis, and New Caledonia) are new territory for FAS programs.

• Natural and dietetic foods will make their first appearance (Zurich and Stockholm) in exhibits sponsored overseas by the Foreign Agricultural Service.

• Fish products for the first time are to be singled out for special promotion along with red meats and poultry (Tokyo).

U.S. firms interested in participating in any of these exhibits should contact the Director, Export Trade Services Division, Foreign Agricultural Service, USDA, Washington, D.C. 20250, or telephone (202) 447-6343.

Country and city	Date	Activity
UNITED KINGDOM		
Blackpool	May 3-5	Exhibit of frozen foods at British Frozen Food Federation exhibit. Principally for agents of U.S. firms; U.S. new-to-market firms are encouraged to participate.
WEST GERMANY		
Dortmund	May 23-24	Solo U.S. exhibit, all food products. Trade representatives.
Mannheim	May 30-31	Same as above.
VENEZUELA		
Caracas	July 25-27	Solo U.S. exhibit, all food products. Trade representatives.
Margarita Is.	July 28	Sales team from Caracas exhibit.
NETHERLANDS ANTILLES		
Curaçao	July 31-Aug. 1	Same as above.
Aruba	Aug. 2-3	Same as above.
NEW CALEDONIA, FIJI IS.		
Noumea, Suva	In September	Sales team.
JAPAN		
Tokyo	Sept. 12-14	Solo U.S. exhibit, red meat and poultry products. Trade representatives.
WEST GERMANY		
Munich	Sept. 15-20	FAS-sponsored catalog exhibit. Trade representation not required.
ITALY		
Cremona	Sept. 15-24	Dairy/livestock show.
PHILIPPINES		
Manila	Sept. 18-20	Solo U.S. exhibit of hotel-restaurant-institutional products. Trade representatives.
SINGAPORE		
Singapore	Sept. 25-27	Same as above.
SWITZERLAND		
Zurich	Sept. 26-27	Solo U.S. exhibit, primarily of natural and dietetic foods. Trade representatives.
INDONESIA		
Jakarta	Sept. 29-30	Sales team from Singapore and Manila exhibits.
SWEDEN		
Stockholm	Oct. 3-4	Solo U.S. exhibit, primarily of natural and dietetic foods. Trade representatives.
UNITED KINGDOM		
London	Oct. 11-12	Solo U.S. exhibit, all food products. Principally for agents of U.S. firms; U.S. new-to-market firms are encouraged to participate.

Venezuelan Food Imports Rose in 1977, Despite Record Farm Production

Recording the greatest agricultural output in its history, Venezuela's agriculture bounced back in 1977 from the setback in 1976 caused by poor weather. While production set record levels large imports of many food commodities were necessary to offset low carryover supplies and to meet growing demand resulting from higher per capita income and an increasing population.

Since the increase in world petroleum prices in 1973, Venezuela has enjoyed a period of strong economic expansion through 1977, with the petroleum sector remaining the country's major source of tax revenue and foreign exchange earnings. Strong economic growth is expected during 1978. An anticipated balance-of-payments deficit, along with inflation, will be the major concern. The extent of this deficit will be determined by oil-price increases and the resulting amount of foreign exchange earnings.

These earnings will also affect the Government's attitude toward food imports. Currently, attempts are being made to reduce the country's dependence on food imports through production incentive measures and restrictions on imports. But the Government is expected to take whatever steps are necessary to assure an adequate food supply, including imports if needed.

Venezuela's production of principal food and agricultural commodities in 1977 exceeded the previous high (in 1975) by 7 percent, and was 11 percent greater than that of 1976.

Crop production in 1977 of food and nonfood crops scored the most significant gain—increasing 24 percent over year-earlier levels. Livestock production was less impressive, with a gain of only 1 percent.

Food production (food crops and livestock products) was up some 12 percent in 1977 over the level of 1976.

Despite the impressive gains in production, increased imports of selected commodities were necessary to meet growing demand for high-protein foods. Beef, pork, poultry meat, eggs, whole dry milk, and cheeses were among the food items imported in greater quantities in 1977. Of the major food items consumed in Venezuela, nearly 50 percent are imported.

Preliminary data show that production in 1977 was greater than for any previous year for more than 20 commodities. Rice, corn, sorghum, beans, potatoes, cassava, cotton, cottonseed, sesameseed, peanuts, bananas, plantains, beef, and pork all registered production gains. In addition, Ministry of Agriculture data indicate increased output of oranges, pineapples, avocados, grapes, tomatoes, garlic, carrots, goats, sheep, poultry, and eggs.

While production recovered in 1977, the larger-than-normal quantities tended to exacerbate deficiencies in marketing, transportation, and storage. For example, the Government had to implement temporary emergency measures at reception centers to handle corn, rice, and sorghum.

Some of the highlights of Venezuela's 1977 agricultural production include:

Production of **rice** (milled basis) in 1977 has been estimated at 325,000 metric tons—up 80 percent from the 180,000 tons of 1976. Greater application of commercial fertilizers, use of certified seed, and other inputs contributed to higher yields. These things combined with an increase in planted area, Government assistance through easier credit terms, rodent control, and minimum prices to farmers, are responsible for the rise.

Estimated **corn** production for 1977 is 800,000 tons, 50 percent greater than the 532,000 tons produced in 1976. An increase in the number of hectares planted, use of locally produced certified seed, expanded usage of fertilizers, good weather conditions, increased use of irrigation, minimum producer prices, and easier credit terms contributed to greater output.

Production of **grain sorghum** is estimated at 325,000 tons for 1977. This represents an increase of 162 percent over the 124,000 tons produced in 1976. The greater output was the result of an assured market for animal feed, good weather conditions, and the same factors affecting rice and corn output.

The estimated 70,000-ton outturn for all **pulses** is 56 percent greater than the revised 1976 production of 45,000 tons. Black beans and other beans showed the greatest advances. The 1977 black bean crop—estimated at 38,000 tons—is 23 percent more than the 1976 output of 31,000 tons. Good weather and expansion of planted area in nontraditional pulse-growing regions were the main reasons for the output gains in 1977.

Sesameseed production in 1977 is estimated at 80,000 tons—29 percent greater than the 62,000 tons produced in 1976. Good weather, favorable credit, sufficient seed, and producer support prices were responsible for the greater output.

Venezuela's output of **cottonseed** in 1977 currently is estimated at 55,000 tons, a jump of 41 percent over the 1976 estimate of 39,000 tons.

Peanut production is estimated at 25,000 tons for 1977, up 19 percent from the 21,000-ton crop of 1976.

Sugar production in 1977 was estimated to have been 4 percent less than 1976's output. New production incentives failed to bring about additional output to meet domestic needs. Therefore, Venezuela had to import sugar from Brazil, Argentina, Colombia, and the Dominican Republic to meet the widening gap between domestic production and demand.

Production of **beef** was 5 percent greater in 1977, going to 284,000 tons from 269,000 tons a year earlier. Good weather conditions in the western plains of Portuguesa, Barinas, and the foothills of the Andes produced better pasture to maintain breeding stock, raise calves, and fatten cattle. Water-control projects constructed in the State of Apure began to

Based on report from James E. Ross, U.S. Agricultural Attaché, Caracas.

Top: Weighing and loading handpicked, long-staple cotton in Venezuela's Orinoco River region. Right: Bananas ripening on a Venezuelan plantation. Above: Field workers examining part of a field of rice. Venezuela's 1977 rice harvest was nearly double the 1976 outturn.

operate, regulating to some extent the large areas usually flooded by excessive rains.

Pork production in 1977 is estimated at 77,000 tons, 8 percent more than the 71,000 tons of 1976. Expansion in the swine industry continued as hog producers moved their operations away from the metropolitan Caracas area to other states in accordance with Government regulations. Incentives, including easier access to credit, were provided to assist the swine raisers in the relocation efforts.

Venezuela's output of **milk** in 1977 is estimated at 1.1 million tons, 5 percent less than the 1.16 million tons produced in 1976 primarily because of extremely dry weather in the major dairy area—the State of Zulia. Scarcity of labor, transportation strikes, and new replacement animals also contributed to lower output.

As new milk policies were being put into effect, dairy producers began to eliminate their low-producing cows and replace them with better quality animals.

Production of **coffee** during 1977 is estimated at 40,000 tons—20 percent less than the revised 1976 production figure of 50,000 tons. Generally, coffee production has pursued a cyclical pattern—one good year followed by a poor one.

In 1977, Venezuela suffered its worst food shortage in recent years. Milk, eggs, meat, poultry, rice, beans, potatoes, and coffee were scarce at various times in all parts of the country.

The food shortage stemmed from many factors. The Government singled out poor weather resulting in lower 1976 production as the primary cause. But in addition, demand had been increasing significantly. To close the gap between lower production and increased demand, the Government authorized expansion of food imports.

In the trade sector, Venezuela's Central Bank reported that total imports in 1977 increased more than 30 percent, while exports rose only 7 percent over year-earlier levels. Food imports also may have increased nearly 30 percent to $1.001 billion, compared with $760 million in 1976.

As of December 30, 1977, Venezuela imported $304 million worth of food and agricultural products from the United States during calendar 1977, some 11 percent greater than imports in 1976. On a fiscal-year basis, U.S. agricultural exports to Venezuela totaled $305 million, compared with $268 million in 1976. Major U.S. commodities imported were soybeans, grain sorghum, and yellow corn.

There are indications that Venezuela's agricultural imports from Argentina, the Netherlands, Belgium, Denmark, and New Zealand also increased.

In addition to imports of food items under the free-import decree, purchases of breeding cattle from the Central American countries of Costa Rica, Nicaragua, and Panama also were significant. In an attempt to bolster the country's beef industry, the Government provided credit to cattlemen for large imports of breeding stock through Government lending institutions.

Costa Rica was also an important supplier of beef in 1977. Traditionally, Colombia has been the only major source of beef carcasses or animals for slaughter. But Colombia was trying to cope with its own food shortages and could not supply all of

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SUSTA's International Show Attracts Foreign Buyers

The 3rd International Food and Agricultural Trade Show, staged by the Southern United States Trade Association (SUSTA) in New Orleans recently, attracted several hundred buyers from more than 30 countries—as far away as Saudi Arabia, Kuwait, and Japan. U.S. exhibitors from 27 States and Puerto Rico displayed their products for approximately 500 visitors to the 3-day, invitation-only exhibition.

SUSTA's sole purpose is to increase agricultural exports of its 15 member States,[1] whose combined farm exports totaled about $8 billion last year—more than one-third of the U.S. total farm exports.

In preparation for the February 16-18, 1978 event, State marketing specialists traveled to 35 countries to promote the trade show. They invited prospective foreign buyers to come, see, and taste samples of U.S. farm products that included fresh, frozen, processed, canned, and dehydrated fruits and vegetables, beef, pork, and poultry plus other foods and beverages. Among the featured foods were bacon made with peanut flour (a product not yet introduced to U.S. buyers), shrimp creole, smoked ham, baked sweet potatoes, popcorn, peanuts, and ration packs for the military.

There were 107 booths at this year's show, compared with 67 at the 1977 exhibition. In addition to food exhibits, service booths were set up for freight forwarders, who provided instant transportation data for displayed products. Bank representatives were also on hand to discuss financial coverage with both exhibitors and buyers.

The primary objective of the international marketing specialists promoting these SUSTA shows is to act as catalysts between foreign buyers and U.S. suppliers. For example, the specialist covering Japan visited Okinawa to encourage Okinawan traders to come to New Orleans. As a result, a joint trade association of Okinawan food importers and SUSTA was formed—and 26 Okinawans came to the 1978

[1] **Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.**

Two EC Plans To Cut Dairy Output Falling Short of Target

With initial results already in, two programs of the European Community (EC) to reduce its dairy output are falling far short of target.

In an attempt to take more than a million cows out of production and, thus, cut back dairy production, the two EC programs make payments to farmers who either convert their dairy herds (the Conversion Program) or sell all their milk animals (the Non-Marketing Program). The programs are believed to be most attractive to owners of small herds—whose numbers are dwindling in any event.

Some progress has been made, but thus far results have not matched earlier expectations as EC milk production in 1978 is expected to rise about 2-3 percent.

The EC is hoping to reduce dairy herds by 1.2 million head from the present level of 28 million head. Through December 1, 1977, applications had been approved for 188,000 dairy cows throughout the nine-nation EC. The deadline was reached March 31, 1978, and approved applications were expected to total between 300,000 and 350,000 cows, EC-wide.

Extension of the signup period for the programs is included in the 1978/79 dairy package, which is being considered by the EC Council of Ministers. In addition, the programs may be liberalized to increase coverage of larger herds.

The EC programs to reduce dairy herds are drawing more interest from farmers in West Germany than from those in other EC countries. More than half of the cows covered in the early signup are located in West Germany, which has 20 percent of the total milk cows within the EC.

As of December 1, 1977, West Germany had 106,200 applications while totals for some other EC countries were France, 37,100; Denmark, 15,300; Great Britain, 13,100; Netherlands, 10,300; Belgium, 4,700; and Luxembourg, 1,000.

Even if applications for the entire EC reached the top forecast (i.e., 350,000 cows) by March 31 of this year, it does not mean all these cows would have been taken out of production by that time. Farmers have 6 months after the approval date to complete the conversion and sell their cows for slaughter.

By the end of March, West Germany was expected to receive applications covering 150,000 head—against the original goal of 200,000. As of January 1, 1978, the country had 5.45 million milk cows. As expected, most of the applications for conversion were received in the traditional crop production areas of North Rhine-Westphalia and Lower Saxony and the lowest number came from the grassland areas of Schleswig-Holstein, Bavaria, and other hill farming regions. These programs seem to be most effective when the farmer has attractive alternative crop use for his land.

Still, milk delivered to German dairies during January-February 1978 rose an estimated 2.2 percent. Without the EC programs, that increase could have been around 2.6 percent for the 2-month period. Germany's milk output in calendar 1978 still may increase 1.5 percent to an estimated 22.5 million metric tons.

As a direct result of the EC programs, Germany's production cutback is expected to be the equivalent of 300,000 to 350,000 tons of milk, a quantity equal to about 1.3 to 1.5 percent of the country's projected milk output for 1978. The EC programs most likely will have substantially less effect in other EC countries. □

show and later toured processing facilities in several Southern States that are members of SUSTA.

State trade specialists also give special attention to small U.S. commercial firms, encouraging them to develop their own overseas sales departments.

Although still in its infancy, SUSTA is already a success. The nonprofit association, partially funded by participating States, is devoted exclusively to U.S. agricultural exports of its members and does not charge a fee or commission for its services. The Commissioners of Agriculture in the 15 member States form the board of directors for SUSTA. □

European and Latin American buyers, left, discuss a range of U.S. agricultural products with SUSTA exporters. Below, buyers from the Far East learn about alfalfa cubes for feed, one of many U.S. farm and food items promoted at the 3-day New Orleans exhibition—a showcase for Southern agricultural exports.

Trade Teams—May

U.S. TEAMS OVERSEAS

Date	*Organization*	*Visiting*
Apr. 27-May 16	FAS-Feed Grain Council Task Force I	Poland, Bulgaria, German Democratic Republic, United Kingdom.
Apr. 27-May 16	FAS-Feed Grain Council Task Force II	Czechoslovakia, Hungary, Romania, Switzerland, France.
7-25	Tobacco industry team	Netherlands, Belgium, Switzerland, Italy, West Germany, U.K., Ireland.

FOREIGN TEAMS IN THE UNITED STATES

Date	*Organization*	*Visiting*
Apr. 26-May 16	Home economics teams from Japan, Korea, and Taiwan	California, Minnesota, Kansas, Iowa, Missouri, Illinois, Louisiana, Washington, D.C.
5-26	Wheat trade team from Brazil	Texas, Oklahoma, Kansas, Nebraska, Minnesota, North Dakota.
12-June 5	Government food mission from Sri Lanka	Oregon, Oklahoma, Louisiana, Washington, D.C.

International Meetings–May

Date	*Organization and location*
2-12	FAO Program Committee—Rome.
8-10	OECD Working Party, Agricultural Policies—Paris.
9-19	International Sugar Organization—London.
15	Regular U.S.-USSR grain consultations—Moscow.
15-19	FAO Forestry Committee—Rome.
17-19	OECD Agriculture Committee—Paris.
22-23	Semi-annual consultations with EC Commission—Brussels.
In May	Mexican Consultative Group.
In May	Grain consultations with German Democratic Republic—Washington.
In May or June	UNCTAD Negotiation Conference on a Common Fund—Geneva.

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Venezuela . . .

Venezuela's imported meat needs in 1977. As a result, Venezuela turned to other meat-exporting countries.

Coffee is Venezuela's most important agricultural export, accounting (by value) for roughly one-fifth of all farm exports. The volume of coffee exports in 1977 was expected to be less than that of 1976, largely because coffee production in 1976/77 was lower. Export earnings, however, were expected to be higher in 1977.

During January 1-November 30, 1977, the United States imported only 8,000 tons of Venezuelan coffee, compared with 16,000 tons during the same period of 1976. However, the 8,000-ton import value (at $38 million) was 20 percent greater than that of the larger imports a year earlier.

Total U.S. agricultural imports from Venezuela as of November 30, 1977, were valued at $51 million. □

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USDA Approves Export Credits, Boosts Interest Rate

Export credits covering about $230 million worth of U.S. agricultural commodities were approved under USDA's CCC Export Credit Sales Program for the period March 13-April 12.

During the same period, USDA increased interest rates for credit financing, extended delivery dates for some outstanding credits, and amended some previously authorized credits.

A $700,000 credit was established for Peru to finance export sales of about 700 head of U.S. dairy breeding cattle. Deliveries must be complete by August 31. The delivery period for a $50-million line of credit to finance export sale of U.S. wheat was extended through August 31.

Export to Korea of about 400,000 bales of U.S. cotton was authorized under a $125-million line of credit, with exports to be complete by August 31, 1979.

A new $4-million line of credit to Cyprus is to finance export of about 26,500 metric tons of U.S. feedgrains, valued at $3 million, and 7,700 tons of U.S. wheat, valued at $1 million. Deliveries are to be complete by August 31.

Export to Portugal of about 308,000 tons of U.S. wheat, valued at $40 million, and 530,000 tons of feedgrains, valued at $60 million, is covered by a new $100-million authorization. Deliveries are to be complete by August 31.

A previously authorized $188-million credit for Poland was amended to provide for sale of $7 million worth of linseed oil. Of the total credit, $105 million had been allocated for soybean meal, linseed meal, and/or cottonseed meal. This amount was reduced to $98 million to provide for the linseed oil purchases.

Interest rates on 6- to 12-month export credits issued under the CCC Export Credit Sales Program on March 24 were increased by 0.75 percent. The new rates are 8 percent on exports financed on the basis of U.S. bank guarantees and 9 percent on guarantees by foreign banks. The new rates apply to all sales registrations received by CCC on or after March 24.

Interest rates on 12- to 36-month financing remain unchanged at 8 percent for U.S. banks and 9 percent for foreign banks, making the rates the same for all credit periods.

U.S. agricultural commodities currently eligible for financing under the CCC export credit sales program are almonds, barley, breeding cattle and swine, corn, cotton, cottonseed meal and oil, dry edible beans and peas, dried whey products, eggs (dried, frozen, and canned), hog grease, linseed oil and meal, mixed feeds and protein concentrates, nonfat dry milk, oats, potatoes, peanut oil, poultry (canned and frozen), milled and brown rice, sorghum, soybeans, soybean meal and oil, edible soy protein, sunflowerseed meal and oil, tallow, tobacco, wheat, and wheat flour. □

Nigeria Sets Import Restrictions

Effective April 1, 1978, Nigeria imposed import restrictions on agricultural products worth over $90 million in 1977 to U.S. exporters. The restrictions involve prohibiting some items, licensing others, and raising duties on selected items.

Prohibited products include: All chilled or frozen meat and poultry, beer and stout, flavored or colored beet sugar; macaroni, spaghetti, fresh milk, fruits, vegetables, and eggs for hatching. The only exception to the import ban is chilled or frozen meat imported from Nigeria's neighboring countries.

Products subjected to licensing are: Stout imported in tanks for blending, breakfast cereals such as cornflakes and rice crisps, and chilled or frozen meat exported by neighboring countries.

The complete list of products on which duties have been raised is not yet available. However, it is known to include rice and corn, for which the duties have been increased from 10 to 40 percent and 10 to 20 percent, respectively.

In 1977, the United States exported $83 million in rice and $5.4 million in corn to Nigeria.

Since achieving independence in 1960, Nigeria has followed a practice of periodically issuing lists of banned or restricted imports at the start of its fiscal year (April 1). □